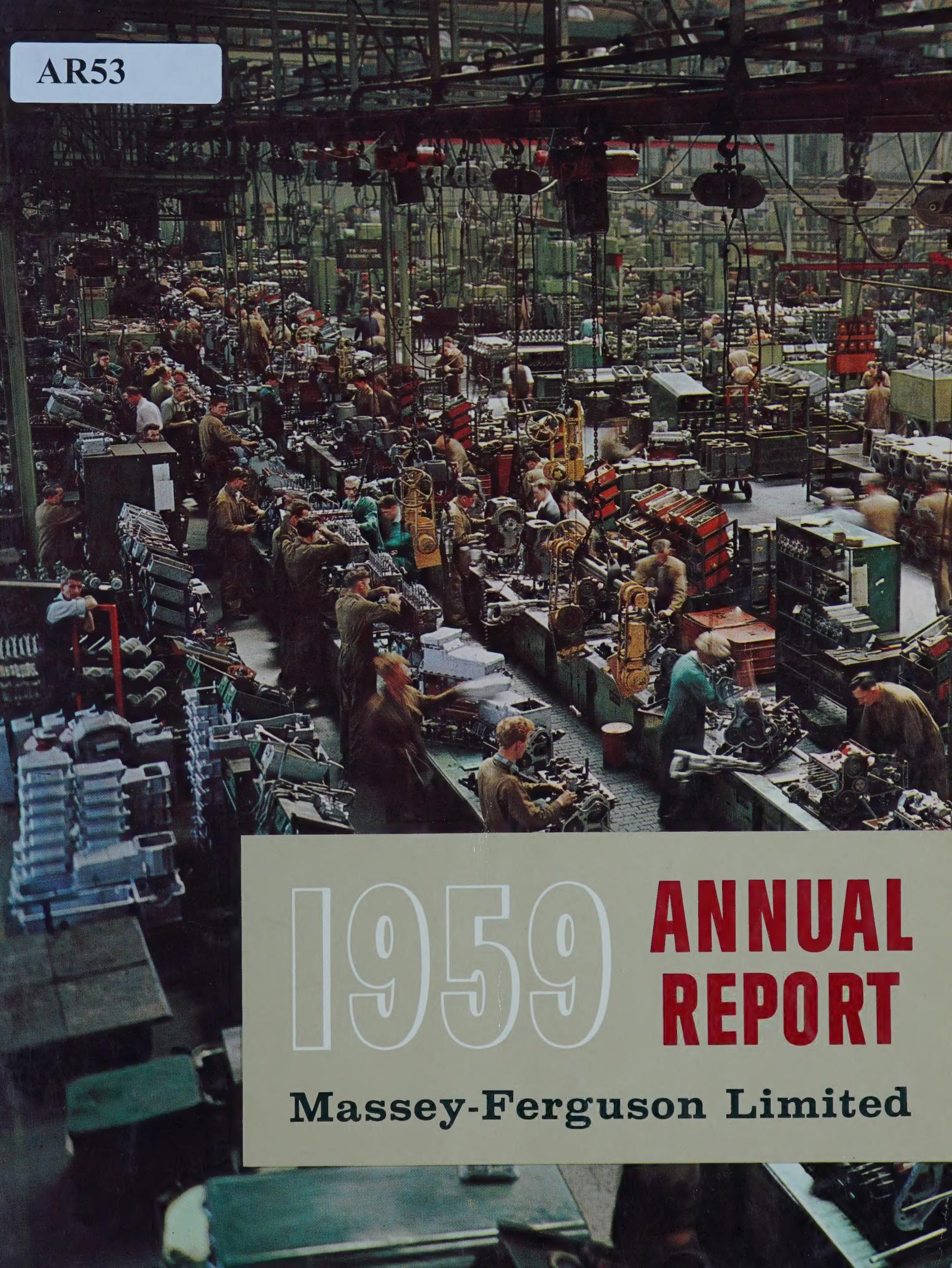
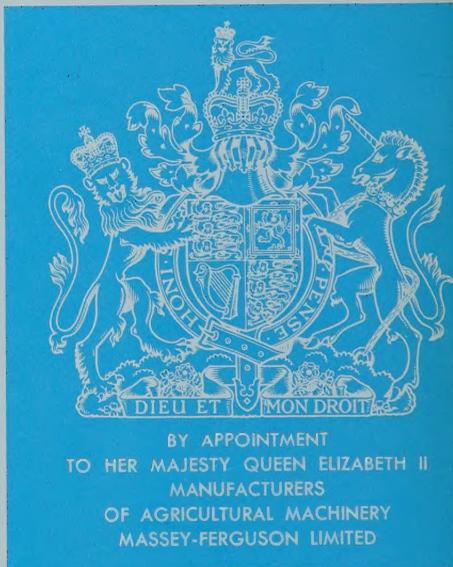


AR53



1959 ANNUAL REPORT

Massey-Ferguson Limited



BY APPOINTMENT
TO HER MAJESTY QUEEN ELIZABETH II
MANUFACTURERS
OF AGRICULTURAL MACHINERY
MASSEY-FERGUSON LIMITED

FRONT COVER: Efficient low cost production is a feature of the diesel engine assembly lines in the recently acquired Perkins facilities at Peterborough, England.

Recd
FEB 10/60



Massey-Ferguson Limited

ANNUAL REPORT



Ferguson System MF85 Tractor with new MF74 four furrow mounted plow.

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FINANCIAL HIGHLIGHTS

	1959	1958	1957	1956
Sales.....	\$491,947,763	\$440,109,455	\$412,411,468	\$372,128,979
Turnover taxes in France and Germany.....	16,404,122	19,899,712	21,653,952	17,004,828
Net sales.....	<u>\$475,543,641</u>	<u>\$420,209,743</u>	<u>\$390,757,516</u>	<u>\$355,124,151</u>
Net income or (loss) before tax credits.....	\$ 13,818,393	\$ 9,625,282	\$ (9,783,693)	\$ (909,511)
Tax credits.....	7,200,000	3,400,000	5,046,352	4,068,842
Net income or (loss).	<u>\$ 21,018,393</u>	<u>\$ 13,025,282</u>	<u>\$ (4,737,341)</u>	<u>\$ 3,159,331</u>
Total dividends on preferred shares	\$ 1,091,587	\$ 1,094,094	\$ 1,101,273	\$ 1,110,048
Total dividends on common shares	\$ 4,654,002	\$ 3,818,441	\$ 3,807,528	\$ 4,759,402
Per common share —				
Net income or (loss) before tax credits	\$ 1.05	\$.89	\$ (.14)	\$ (.21)
Tax credits60	.36	.53	.43
Net income or (loss).	<u>\$ 1.65</u>	<u>\$ 1.25</u>	<u>\$ (.61)</u>	<u>\$.22</u>
Dividends per common share	40¢	40¢	40¢	50¢
Net current assets (working capital)	\$173,996,345	\$153,506,389	\$156,417,612	\$170,275,865
Current ratio	2.0	2.8	3.5	3.7
Additions to fixed assets	\$ 68,906,886	\$ 16,300,759	\$ 12,227,842	\$ 14,720,723
Depreciation, and amortization of production tooling	\$ 12,130,775	\$ 8,584,503	\$ 8,367,023	\$ 7,095,946
Long term debt	\$100,766,263	\$ 74,237,838	\$ 78,007,310	\$ 78,504,288
Common share capital and retained earnings	\$167,914,596	\$129,001,850	\$120,636,338	\$130,245,223
Equity per share of common stock	\$13.79	\$13.39	\$12.56	\$13.57
Convertible 5½% and 4½% preferred shares outstanding	259,860	242,570	243,646	245,596
Common shares outstanding	12,075,911	9,552,248	9,519,155	9,519,155
Number of shareholders	41,459	34,024	35,398	34,535
Average number of employees	29,955	23,808	21,481	23,232

Built in our Eschwege plant in Germany this self-propelled combine is leading the trend to mechanized harvesting in the countries of the European Common Market.

**REPORT OF
THE DIRECTORS
TO THE
SHAREHOLDERS**

For the year ended October 31st, 1959



The consolidated accounts presented in this report cover, as in the previous year, the operations of the Company and of all subsidiaries throughout the world. It should be noted, however, that the consolidated income statement does not include the operations of F. Perkins Limited and its subsidiaries prior to April 1st, 1959, nor does it include the operations of Massey-Ferguson Tracteurs S.A. (formerly Société Standard-Hotchkiss) prior to August 31st, 1959, the dates on which these subsidiaries were acquired. The accounts reflect the operations of the Standard tractor manufacturing plant at Coventry only since August 31st, 1959 when the Company assumed ownership of these tractor assets.

RECORD WORLD-WIDE SALES — INCREASE 13 PER CENT OVER 1958

FURTHER IMPROVEMENTS IN OPERATING RESULTS

At \$491,947,763 consolidated world-wide sales were the highest in the Company's history, with increases in the United States, Canada, the United Kingdom, Germany, Scandinavia, Yugoslavia, Australia and Asia, and lower sales in France, Africa and Latin America.

In this report, for the first time, turnover taxes payable on sales in France and Germany are shown in the income statement as a deduction from sales instead of in cost of goods sold as in previous years. This revised presentation eliminates fluctuations which result from changes in rates of tax and tend to obscure significant operating comparisons.

After deducting such taxes, net sales totalled \$475,543,641, an increase of 13 per cent over the comparable figure of \$420,209,743 for 1958.

The cost of goods sold was \$378,633,650 or 79.6 per cent of net sales — a satisfactory reduction from 81.2 per cent in 1958.

Net income was \$21,018,393 including \$7,200,000 tax credits, compared with net income in 1958 of \$13,025,282 including tax credits of \$3,400,000.

Net income before tax credits was \$13,818,393 or 2.9 per cent of net sales, a significant improvement over the comparable figure for 1958 of \$9,625,282 or 2.3 per cent of net sales.

Net income per common share was \$1.65 on the 12,075,911 common shares outstanding at October 31st, 1959, compared with \$1.25 per share on 9,552,248 shares outstanding at October 31st, 1958. Net income before tax credits was \$1.05 per share against 89¢ in 1958.

Net income by location of companies

Consolidated net income or (loss) by location of companies, as well as dividends received by Massey-Ferguson Limited from its subsidiaries outside North America (after applicable withholding taxes) for the past two years, are shown in the following table —

(Thousands of dollars)

	1959		1958	
	Net Income	Dividends	Net Income	Dividends
NORTH AMERICA	\$13,627		\$ 5,729	
EUROPE	5,613	\$7,453	6,216	\$4,999
AUSTRALIA	1,267	1,462	506	
SOUTH AFRICA	489	791	422	1,500
LATIN AMERICA	33	181	61	371
INDIA	(11)		91	
TOTAL	\$21,018	\$9,887	\$13,025	\$6,870

DIVIDENDS PAID TOTALLED \$5,745,589

Dividends of \$232,212 were paid during the fiscal year of 1959 on the 4½% preferred shares — \$1.12½ per share in March, June, September and December. Dividends of \$859,375 were paid on the 5½% preferred shares — \$2.06¼ per share in September (from May 1st) and \$1.37½ per share in December. On the outstanding common shares \$4,654,002 was paid — 10 cents per share in March, June, September and December.

THE BALANCE SHEET

Working capital increased \$20,489,956 to \$173,996,345 as a result of the following:

Funds made available:

Net income for the year.....	\$21,018,393
Depreciation, and amortization of production tooling.....	12,130,775
Increase in long term debt maturing after one year.....	25,855,101
Issue of 5½% convertible preferred shares, less expenses of issue.....	24,081,702
Common shares issued under option agreements.....	1,287,240
Reduction in investment in associated companies.....	8,997,463
Net book value of fixed asset disposals.....	1,752,342
Reduction in other assets and deferred charges.....	19,415 \$95,142,431

Less funds applied:

Additions to fixed assets.....	\$68,906,886
Payment of common share dividends.....	4,654,002
Payment of preferred share dividends.....	1,091,587 74,652,475
<i>Increase in working capital.....</i>	<u>\$20,489,956</u>

The ratio of current assets to current liabilities was 2.0 to 1, compared with 2.8 to 1 at October 31st, 1958.

Cash and retail notes receivable at October 31st, 1959 were \$38.3 million or 22 per cent of current liabilities, a decrease in percentage from October 31st, 1958 when such assets at \$33.2 million were 40 per cent of current liabilities. This decrease in liquidity resulted from the extraordinary expenditures in 1959 for new manufacturing facilities, together with the continuing demand for cash arising particularly from sales expansion in North America.

Finished goods inventories and wholesale receivables of \$218.8 million at October 31st, 1959, were 46 per cent of 1959 net sales compared with \$146.5 million or 35 per cent of 1958 net sales at October 31st, 1958. The major causes of this increase of \$72.3 million were the need to provide greater availability and broader range of goods to service sales expansion and to achieve steadier year-round manufacturing employment in

North America, together with the necessity to meet increasing competition in Europe. Finished goods inventories and wholesale receivables continue to be almost entirely in current goods. The quality of wholesale receivables has continued to improve. The percentage of past dues and note renewals has been maintained at 16 per cent — the same percentage as at October 31st, 1958. The proportion of past due items has been reduced from 9 per cent of the total wholesale receivables at October 31st, 1958, to 7 per cent at October 31st, 1959.

Raw materials and work-in-process inventories of \$73.8 million at October 31st were 19 per cent of 1959 cost of goods sold, compared with \$49.7 million or 15 per cent of 1958 cost of goods sold. The major portion of this increase of \$24.1 million resulted from expanded manufacturing operations in Europe through acquisition of the Standard tractor assets and Perkins companies.

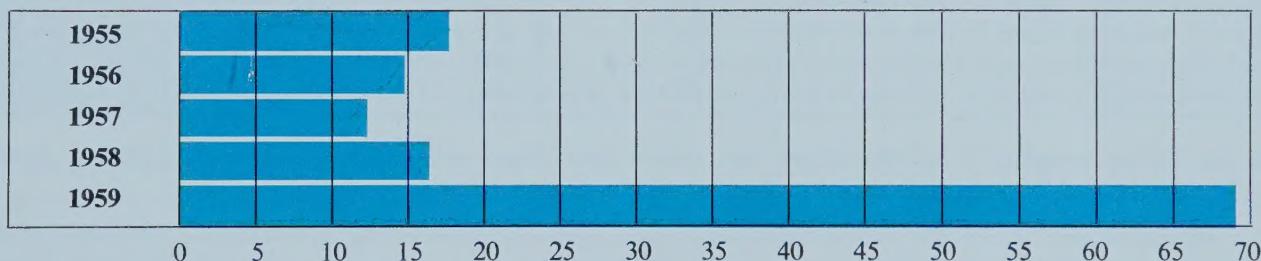
Investment in associated companies shows a net decrease of \$8,997,463 to \$1,472,182. This decrease was due primarily to the sale of the Company's holdings of ordinary share capital of The Standard Motor Company Limited for an amount approximately equal to the cost of the original investment less expenses of resale, and to the fact that Société Standard-Hotchkiss (now Massey-Ferguson Tracteurs) became a wholly owned subsidiary with the acquisition of the balance of this company's ordinary share capital.

MAJOR ACQUISITIONS FULFIL IN LARGE MEASURE THE COMPANY OBJECTIVE TO MANUFACTURE MORE OF ITS OWN PRODUCTS

During the 1959 fiscal year the Company spent approximately \$69 million on important new manufacturing facilities, on machine tools, production tooling, central parts warehousing and the modernization of other facilities, an expenditure which in one year substantially exceeded the \$61 million spent during the previous four years.

ADDITIONS TO FIXED ASSETS

(millions of dollars)



The purchase during 1959 of F. Perkins Limited, outstanding British manufacturer of high-speed diesel engines, and the acquisition of tractor assets in the United Kingdom and in France, can well be described as the most far-reaching steps ever undertaken by your Company to integrate and thus strengthen its world-wide manufacturing operations. Photographs of these facilities, located in the strategically important Free Trade Area and the European Common Market, are presented elsewhere in this report. The acquisition of these tractor plants (which when added to facilities already owned establishes your Company as the largest manufacturer of farm tractors in the world market), together with ownership of an engine manufacturing plant, completes the major part of the Company's current program to control and manufacture more of its own products.

The Perkins group — a large volume manufacturer of diesel engines for agricultural and diversified industrial purposes

Purchased in April 1959 for approximately \$12½ million, the Perkins Company in Peterborough, England, employs some 6,000 people, utilizes one million square feet of factory area, and is currently producing a variety of diesel engine units at an annual rate of 98,000 units for agricultural and industrial applications, for trucks, passenger vehicles, motor cars and marine craft. In addition to supplying increasingly the Company's own engine requirements, F. Perkins Limited is also providing engines for other agricultural purposes.

Newly-purchased tractor manufacturing facilities in United Kingdom and France have combined annual capacity of 125,000 tractor units

Agreements reached after long negotiations with Standard Motor Company Limited were implemented on August 31st, 1959 when your Company assumed ownership of all Standard's existing tractor interests and assets. Purchased for approximately \$40 million (of which about \$8 million was provided from the sale of Massey-Ferguson's holding of Standard's share capital) these tractor assets included the one million square foot tractor plant at Banner Lane, Coventry, employing 5,000 people with a maximum annual production of 100,000 complete tractors and component sets, and another facility of about 75,000 square feet at Maudslay Road, Coventry. The agreements also provided for complete control of a French tractor company (now known as Massey-Ferguson Tracteurs S.A.) operating two factories in France. One of these factories of 140,000 square feet is in Paris, the other of 60,000 square feet on a 60 acre site is 40 miles north of Paris at Beauvais. These plants produce tractor components and have an assembly capacity of 25,000 tractors annually. Your Company already held 25 per cent of the share capital of this French company, and the remaining 75 per cent was acquired during the fiscal year of 1959.

* * * * *

Other additions to fixed assets during the year included \$8½ million in North America, \$4 million in the United Kingdom, \$3 million in France and \$1 million in Germany.

Substantial expenditures on tooling in North American plants for production of a new 5-plow tractor, new model combines, corn pickers, corn combines, swathers

Major items in North America were production tooling for the new 5-plow Ferguson System tractor in Detroit plants; machine tools for transmissions, axles, hydraulic pump and power steering units, and a major improvement in gear heat-treating facilities for the same tractor at the Detroit-Kercheval plant; production tooling for new backhoes and loaders for the light industrial equipment operation at Wichita, Kansas; machinery and production tooling in the Canadian plants for many new product models including large, medium and small combines, corn pickers, corn combines, swathers and tillage equipment; and interior reconstruction of the Toronto premises to provide modern and efficient general office and accounting facilities.

In the United Kingdom — 700,000 square foot central parts depot established, Manchester implement plant extended, three new production bays for Perkins' engine plant

In Manchester 700,000 square feet of floor space was leased for warehousing, and extensive renovation and conversion undertaken. This facility, handling 55,000 different parts, will provide more efficient spare parts services for all United Kingdom domestic and export activities. Also in Manchester a 90,000 square foot addition was made to the implement plant, and 10,000 square feet of office space provided for the mechanization of material and production control records.

New facilities for increased engine output and new engine models were undertaken at the Perkins Eastfield plant in Peterborough, including three new bays of 80,000 square feet and modifications to existing structures.

The lease of the Banner Lane, Coventry, property was purchased, and the long term lease of property adjoining the London head office was purchased to provide additional executive offices.

Improved facilities in France and Germany for engineering, product education and mechanized data processing

The central parts warehouse at Athis-Mons near Paris was expanded and mechanical data processing equipment installed; additional premises for French company personnel and for engineering were acquired and equipped in Paris.

In Germany improved facilities were provided for warehousing complete machines and spare parts, for engineering and for product education training at Eschwege and mechanization of accounting work was undertaken in the head office at Kassel.

* * * * *

Real estate and properties surplus to present requirements were sold during the year for a net gain of \$203,374. Disposal of these assets yielding approximately \$2 million, included land and buildings in Dallas, Texas, acquired from a former distributor, the remainder of the Batavia, New York, plant, a portion of the Racine, Wisconsin, properties, together with premises in Argentina, Australia, Canada and the United Kingdom unsuitable for future programs. The net book value of surplus properties at October 31st, 1959 was \$2 million. No net loss is anticipated in the disposal of these properties.

Long term debt and shareholders' equity

Long term debt has increased by \$26.5 million during 1959 primarily as a result of a £10 million United Kingdom bank loan due in 1963. This loan carries interest at 5½ per cent with the interest rate being subject to upwards adjustment if the Bank of England rediscount rate rises above 4 per cent.

The composition of shareholder equity by location of companies is summarized in the following table:

	(Thousands of dollars)					
	Net Current Assets	Investments in Associated Companies	Net Fixed Assets	Other Assets	Long Term Debt and Minority Interest	Equity in Net Assets
NORTH AMERICA	\$120,418		\$ 39,350	\$ 846	\$ 52,502	\$108,112
EUROPE	41,253	\$ 103	69,841	750	38,940	73,007
AUSTRALIA	11,203		7,307		8,898	9,612
SOUTH AFRICA	582	1,369	540			2,491
LATIN AMERICA	333		99	7	3	436
INDIA	207		35			242
TOTAL	\$173,996	\$1,472	\$117,172	\$1,603	\$100,343	\$193,900

CONVERSION OF 4½% PREFERRED SHARES

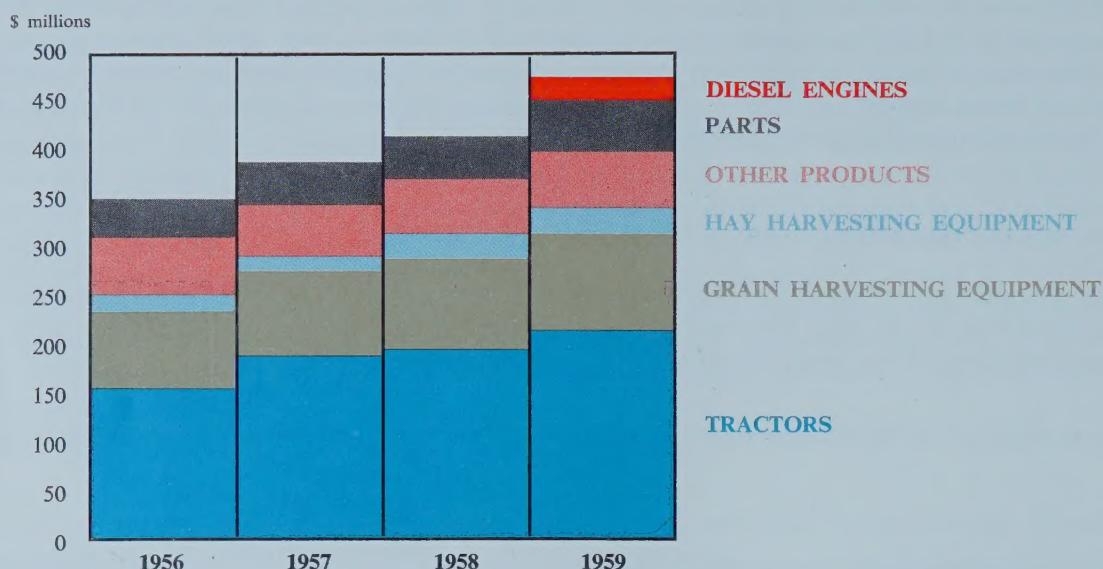
ISSUE OF \$25 MILLION 5½% CONVERTIBLE PREFERRED SHARES

As of October 31st, 1958 there were 242,570 convertible 4½% preferred shares, and 9,552,248 common shares outstanding. Prior to March 1st, 1959 (when the conversion rate changed from 10 common shares to 8 common shares for one preferred) the majority of these preferred shares were converted into common shares. During 1959, employees exercised options to purchase 198,037 common shares. At October 31st, 1959 there were 9,860 of 4½% preferred shares and 12,075,911 common shares outstanding.

On April 10th, 1959 the Company issued for cash 250,000 par value \$100 per share 5½% convertible preferred shares, 1959 series.

Beginning in March 1959 the Company's common shares were traded on the Amsterdam Stock Exchange; in July 1959 the preferred and common shares were listed for trading on the Vancouver Stock Exchange. The common shares are also traded on the American Stock Exchange, New York, and listed for trading on the exchanges in Toronto, Montreal and London, England. The preferred shares are traded on the exchange in London, England, and listed for trading on the exchanges in Toronto and Montreal. Shareholders increased during the year to 41,459 from 34,024; the number of common shares held in the United States increased to almost 12 per cent from about 5½ per cent, while the percentage held in Canada decreased to 84 per cent from about 89 per cent.

NET SALES BY PRODUCTS



CHANGES IN NET SALES WITHIN MAJOR MARKETS

Detailed statistics on net sales by territories, by quarters and by products for the last four years, and world-wide net sales for the past ten years are provided on pages 20 and 21. It should be noted that comparisons of 1959 net sales with those of 1958 have been favourably affected, mainly in Europe and Asia, by the inclusion of Perkins sales since April 1959.

North America

Very satisfactory sales were enjoyed by the farm machinery industry during the first nine months of the fiscal year with some fall-off in the final quarter due to fast, light and easy harvesting conditions in the United States and early snow in Western Canada. Company sales within North America set an all-time record, with increases of 24 per cent and 38 per cent in the United States and Canada respectively, reflecting both favourable conditions and a broader penetration and strengthened distribution in these markets.

Sales of Sunshine Waterloo, a leading Canadian manufacturer of metal office furniture, increased 8 per cent and this subsidiary continues to provide a steady profit.

Europe

Net sales within Europe, while substantially up in terms of local currencies, were up only 3 per cent in dollars — due largely to devaluation of the French franc.

Sales within the United Kingdom were up 23 per cent, primarily as a result of the inclusion of Perkins sales. Although unlike the previous year there were no unusual harvest problems to increase the demand for combines, farm machinery sales increased slightly.

France, where intense competition developed, was adversely affected by devaluation, announcement of austerity measures, and by the fact that the harvest came early and was facilitated by rainfall shortage. Net sales were down 19 per cent in dollars.

Net sales within the other countries in Europe showed an aggregate improvement of 18 per cent, with increases of 49 per cent in Germany, 16 per cent in Scandinavia and 25 per cent in Yugoslavia; and decreases of 41 per cent in Austria and 16 per cent in Italy.

Australia

Economic conditions in Australia were more favourable than last year with increased dairy production at higher prices, improved wool prices and strong export demand for beef contributing to a rise in farm income. The increase in Australian sales was 8 per cent.

Africa, Asia and Latin America

Sales in Africa, as a result of depressed agricultural and economic conditions in the Union of South Africa, were down 8 per cent. In Asia there was an overall increase in sales of 33 per cent due primarily to the inclusion of Perkins sales. Import restrictions and competition from behind the Iron Curtain in certain South American countries, and civil strife in Cuba and Central America caused an overall decline of 13 per cent in sales in Latin America.

OTHER CORPORATE ACTIVITIES

Perkins group expands operations

The integration of the Perkins diesel engine facilities has proceeded very satisfactorily. Various models of Massey-Ferguson tractors sold in North America, the United Kingdom and several export markets are now equipped with engines of our own manufacture. In April 1959 a new subsidiary, Perkins Engines Limited, was formed to handle sales and servicing of Perkins agricultural, truck, automobile, marine and industrial engines throughout the world, and to extend sales of the wide range of their engines in all applications for which they are suitable. In September 1959 a property in Peterborough, England, was equipped and production will begin in 1960 on a series of modern outboard marine motors.

Operating results thus far have been satisfactory, prospects for further improvement are good, and it is anticipated that production of diesel engines will progressively expand 40 per cent above the 1959 level as our Company's own engine requirements are increasingly integrated.

Labour Relations

In Canada, a three-year collective agreement, expiring on December 15th, 1961, was reached early in 1959 covering employees of the Toronto, Brantford and Woodstock plants.

WORLD-WIDE CORPORATE MANAGEMENT GROUP CREATED

FIVE OPERATIONS UNITS ESTABLISHED

In October, effective with the fiscal year beginning November 1st, 1959, a new world-wide form of organizational structure and creation of a corporate management group was announced. This group, previously to a large degree directly involved in North American activities, will now be free to assist the President fully on a world-wide basis. At the operational level Company activities have been concentrated into five Operations Units identified as North American, United Kingdom, French, German and Australian Operations. Two other important changes have been made: export operations on a world-wide basis have been centralized at the corporate marketing division level, and a Special Operations Division, also at corporate level, will be responsible for development of special situations of an operational nature in any area of the world. The new organizational structure is shown on pages 18 and 19.

This is a logical development in the field of organization, formerly envisaged and now made necessary by the increasingly international pattern of our business.

United Kingdom reorganization

In the United Kingdom a single management group, United Kingdom Operations, has been established with headquarters at Coventry to control and co-ordinate all operating activities, now greatly enlarged, in the United Kingdom. For the time being the President of the parent company, Mr. A. A. Thornbrough, will assume direction of Massey-Ferguson (United Kingdom) Limited as Managing Director, with Mr. E. W. Young as Deputy Managing Director. This latter company will provide the central management functions for United Kingdom Operations.

With our strong position in Canada, and a much improved penetration now secured in the United States where Company sales have increased more than 80 per cent over the past two years, we expect to maintain our competitive position in North America, although 1960 sales for the industry may be below the high levels of 1959 due to a probable decline of about 3 per cent in gross farm cash income.

Within the European market, France presents some uncertainties, prospects appear reasonably good but increasingly competitive in the United Kingdom, while in Germany our business is developing steadily. The Perkins group, whose operations will be consolidated in 1960 for a full fiscal year, is preparing for increased sales of its diesel engine units currently being produced in 13 basic models.

In Australia operating results should benefit in 1960 through acquisition from distributors of the two remaining Ferguson franchises in the important agricultural States of Victoria and New South Wales. With economic conditions continuing favourable, Australian operations should experience another good year.

The Company's product line, which was greatly broadened in 1959 with more than 60 new or improved models, will be further strengthened during 1960 with a number of general implements and an extended range of tractors, particularly in diesel models.

The range of light industrial tractors and related equipment will be enlarged also; these industrial products, now making a profitable contribution to North American Operations, are now also being manufactured in the United Kingdom for domestic and export markets.

Inasmuch as certain markets will be stronger and others not so favourable, it is early to forecast the outcome of these and other factors. Overall we do not anticipate any major change, and at this date the net effect would seem to indicate a slight increase in 1960 consolidated net sales.

Any predictions concerning the nature and extent of possible improvement in net income for 1960 would also need to be substantially qualified at this time. The Company has, however, immeasurably improved its organization, its administrative controls, its products and its facilities over the past three years. As a result of the significant steps taken during 1959 to manufacture more of our own product the Company is now a well-integrated, well-equipped manufacturing enterprise. Your Directors believe that the Company is now in a position to perform more effectively in the increasingly competitive world markets for farm tractors and machinery.

Maximum management effort will be spent during 1960 in rationalizing and integrating the very important assets acquired in the past year, and in bringing about continued improvement in operating results. This is a program which will not be achieved overnight; certain expenditures are necessary and it will require several years to reap the full benefits that appear possible.

* * * * *

To all employees world-wide, the Directors express their appreciation for another year of vigorous effort. A warm welcome is extended to the many thousands of employees in the United Kingdom and France who are new members of our organization.

On behalf of the Board

W. Eric Phillips
Chairman and Chief Executive Officer

Albert A. Thornbrough
President

Toronto, January 6th, 1960.



1959

1958

STATEMENT OF CONSOLIDATED INCOME

Year ended October 31, 1959 (with comparative figures for 1958)

	1959	1958
Sales.....	\$491,947,763	\$440,109,455
Less French and German turnover taxes (Note 2).....	16,404,122	19,899,712
Net sales.....	<u>\$475,543,641</u>	<u>\$420,209,743</u>
Add:		
Interest and finance charges earned, etc.....	3,651,307	2,621,560
Profit on sale of capital assets.....	203,374	333,897
	<u>\$479,398,322</u>	<u>\$423,165,200</u>
Deduct:		
Cost of goods sold.....	\$378,633,650	\$341,262,330
Marketing expenses.....	42,072,662	35,270,702
General and administrative expenses.....	12,745,822	10,027,140
Engineering expenses.....	8,606,011	7,117,815
Interest on long term debt.....	3,442,826	3,403,024
Minority interest (dividends on preferred shares of subsidiaries).....	226,825	304,630
Bank interest.....	4,615,688	2,617,990
Exchange adjustments.....	1,890,694	1,449,418
	<u>\$452,234,178</u>	<u>\$401,453,049</u>
Profit before income taxes.....	\$ 27,164,144	\$ 21,712,151
Income taxes.....	13,345,751	12,086,869
Tax credits (Note 4).....	(7,200,000)	(3,400,000)
Net income for the year.....	<u>\$ 21,018,393</u>	<u>\$ 13,025,282</u>

SUPPLEMENTARY INFORMATION

The following amounts were paid during the year ended October 31, 1959 to the directors, executive officers and solicitors of the Parent Company: Fees to directors not holding salaried employment \$50,712; remuneration to executive officers including directors holding salaried employment, and to the Company's solicitors \$803,805.

Depreciation, and amortization of production tooling included above amounted to \$12,130,775 in 1959 and \$8,584,503 in 1958.

STATEMENT OF CONSOLIDATED RETAINED EARNINGS

Year ended October 31, 1959 (with comparative figures for 1958)

Balance at beginning of year.....	\$ 93,252,554	\$ 85,139,807
Add:		
Net income for the year.....	21,018,393	13,025,282
Transfers from capital surplus (Note 2).....	1,680,569	
	<u>\$115,951,516</u>	<u>\$ 98,165,089</u>
Deduct:		
Dividends on preferred shares.....	\$ 1,091,587	\$ 1,094,094
Dividends on common shares (40¢ per share).....	4,654,002	3,818,441
Commission and other expenses relating to issue of 5½% preferred shares.....	918,298	
	<u>\$ 6,663,887</u>	<u>\$ 4,912,535</u>
Balance at end of year.....	<u>\$109,287,629</u>	<u>\$ 93,252,554</u>

(See accompanying notes to financial statements)



Massey-Ferg
CONSOLIDATED
October 31, 1959 (with compa

ASSETS

CURRENT:

	1959	1958
Cash.....	\$ 8,177,126	\$ 13,268,975
Receivables (less allowances and unearned interest—Note 3)		
Retail notes	\$ 30,093,496	\$ 19,972,396
Wholesale notes and accounts	98,432,021	71,302,432
Other trade and sundry accounts	13,173,290	5,212,081
	<u>\$141,698,807</u>	<u>\$ 96,486,909</u>
Inventories, valued at the lower of cost or market		
Raw materials and work in process.....	\$ 73,797,855	\$ 49,697,823
Finished goods.....	120,405,435	75,213,991
	<u>\$194,203,290</u>	<u>\$124,911,814</u>
Insurance deposits, prepaid expenses, etc.....	<u>\$ 1,028,322</u>	<u>\$ 1,060,078</u>
TOTAL CURRENT ASSETS.....	<u>\$345,107,545</u>	<u>\$235,727,776</u>
INVESTMENT IN ASSOCIATED COMPANIES, AT COST.....	<u>\$ 1,472,182</u>	<u>\$ 10,469,645</u>
FIXED:		
Land.....	\$ 4,795,986	\$ 4,817,665
Buildings.....	54,253,485	47,634,206
Machinery and equipment.....	111,965,726	53,930,510
Production tooling.....	14,106,396	7,139,674
Total fixed assets, at cost.....	<u>\$185,121,593</u>	<u>\$113,522,055</u>
Less accumulated depreciation and amortization.....	<u>67,949,562</u>	<u>51,373,793</u>
	<u>\$117,172,031</u>	<u>\$ 62,148,262</u>
OTHER ASSETS AND DEFERRED CHARGES.....	<u>\$ 1,602,795</u>	<u>\$ 1,622,210</u>

Approved on behalf of the Board:

W. Eric Phillips, Director

Albert A. Thornbrough, Director

\$465,354,553 \$309,967,893

(See accompanying notes

Monson Limited

BALANCE SHEET

utive figures at October 31, 1958)



LIABILITIES

CURRENT:

	1959	1958
Bank loans and overdrafts.....	\$ 71,991,529	\$ 12,925,564
Accounts payable and accrued charges.....	79,777,938	47,042,134
Income, sales and other taxes payable.....	15,532,258	14,957,678
Dividends payable.....	1,562,434	1,233,672
Advance payments from customers.....	2,247,041	6,062,339

TOTAL CURRENT LIABILITIES.....	\$171,111,200	\$ 82,221,387
---------------------------------------	----------------------	----------------------

LONG TERM DEBT:

Bonds, debentures, notes and loans (Note 8).....	\$100,766,263	\$ 74,237,838
Less instalments maturing within one year, included with accounts payable and accrued charges.....	3,783,451	3,110,127
	\$ 96,982,812	\$ 71,127,711

MINORITY INTEREST (Preferred shares of subsidiaries).....	\$ 3,359,945	\$ 3,359,945
--	---------------------	---------------------

CAPITAL AND RETAINED EARNINGS:

Authorized share capital—		
500,000 preferred shares, par value \$100 each		
20,000,000 common shares without nominal or par value		
Outstanding (Notes 5 and 6)—		
Cumulative convertible preferred shares		
4½% redeemable at \$104.50 (1959—9,860 shares; 1958—242,570 shares) ..	\$ 986,000	\$ 24,257,000
5½% 1959 series—redeemable at \$105.50 (250,000 shares) ..	25,000,000	
Common shares (1959—12,075,911 shares; 1958—9,552,248 shares) ..	56,840,994	32,282,754
Contributed surplus (Capital surplus in 1958—Note 2) ..	1,785,973	3,466,542
Retained earnings (Note 7) ..	109,287,629	93,252,554
	\$193,900,596	\$153,258,850

\$465,354,553	\$309,967,893
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED OCTOBER 31, 1959

1. Basis of consolidation and exchange conversion

The accompanying financial statements consolidate the accounts of all subsidiary companies. The 1959 statements reflect the acquisition, as of August 31, 1959, of the tractor manufacturing facilities of The Standard Motor Company Limited, Coventry, England. Also included for the first time in 1959 are Massey-Ferguson Tracteurs S.A. (France) (formerly Société Standard-Hotchkiss) 75% of the issued share capital of which was acquired during the year (the other 25% having been acquired previously) and the Perkins group of companies, all the issued share capital of which was acquired during the year. The accounts of these companies are included from the effective dates of acquisition, i.e. August 31, 1959 for Massey-Ferguson Tracteurs S.A., and April 1, 1959 for the Perkins group.

The assets, liabilities, income and expenses of the United States company are included in the consolidated statements on the basis of U.S. \$1 =Can. \$1. In the case of all other companies, exchange conversion into Canadian dollars has been effected as follows: current assets and current liabilities at exchange rates prevailing at October 31; investments, fixed assets, long term liabilities and depreciation provisions on the basis of rates prevailing at date of acquisition or issue; income and expenses (other than depreciation provisions) at average exchange rates in effect during the period.

2. Changes in presentation

- (a) Turnover taxes paid on sales in France and Germany, which in prior years were included in "cost of goods sold" in the income statement, have this year been deducted from sales and 1958 comparative figures have been restated accordingly. On this basis net sales will not be subject to fluctuations with changes in tax rates.
- (b) Certain provisions for discounts on wholesale notes and accounts receivable were included in "accounts payable and accrued charges" in prior years. Since these relate to receivables, they have this year been deducted from receivables in the balance sheet (included in "allowances" detailed in Note 3). The 1958 comparative figures have been restated accordingly.
- (c) The amount shown as "capital surplus" in the balance sheet at October 31, 1958 has been reclassified this year as follows —

As contributed surplus — surplus arising from 1942 reorganization	\$1,785,973
As retained earnings — surplus arising on acquisition of control of Australian subsidiaries and Sunshine Waterloo Company Limited in 1955 (\$1,633,989) and surplus resulting from redemption of preferred shares in 1956 and 1957 (\$46,580)	1,680,569
	\$3,466,542

3. Receivables

Approximately \$27,000,000 or 17% of the 1959 notes and accounts receivable mature beyond one year. Receivables are shown net of the following provisions —

	1959			1958
	For returns and allowances	For unearned interest	Total	Total
Retail notes.....	\$ 712,938	\$ 2,831,577	\$ 3,544,515	\$2,695,659
Wholesale notes and accounts....	9,763,897	330,242	10,094,139	6,691,739
Other trade and sundry accounts..	235,047	91,069	326,116	55,008
	<u>\$10,711,882</u>	<u>\$3,252,888</u>	<u>\$13,964,770</u>	<u>\$9,442,406</u>

4. Tax credits

The income tax provisions for both 1959 and 1958 reflect a normal charge based on the profits earned by the individual companies. In the case of the Canadian, United States and South African companies these provisions are subject to reduction by reason of prior years' losses and prior years' provisions and write-offs charged in the accounts but not previously claimed or allowed for tax purposes. These reductions, amounting to \$7,200,000 in 1959 and \$3,400,000 in 1958, are shown separately as "tax credits" in the statement of consolidated income. Further losses, provisions and write-offs of prior years remain to be carried forward as an offset against future profits which would otherwise be subject to tax. At current rates the tax credits which would result from the carry-forward of these items against future profits would amount to approximately \$5,300,000.

5. Share capital changes

The following shares were issued for cash during the year: 250,000 $5\frac{1}{2}\%$ cumulative convertible preferred shares, 1959 series — \$25,000,000, and 198,037 common shares under employee options at \$6.50 per share — \$1,287,240.50. An additional 2,325,626 common shares were issued on conversion of 232,710 $4\frac{1}{2}\%$ preferred shares — \$23,271,000.

6. Stock options and reservations of common shares

Employee options were outstanding at October 31, 1959 with respect to 79,630 common shares at a price of \$6.50 per share, exercisable at any time up to May 29, 1962.

At October 31, 1959 there were 1,578,880 unissued common shares reserved for possible issuance upon conversion of cumulative convertible preferred shares.

7. Dividend restrictions

The trust indentures relating to the long term debt of the Canadian company and certain of the subsidiary companies contain certain restrictions on the payment of dividends. Under the most restrictive of these approximately \$44,000,000 of consolidated retained earnings at October 31, 1959 is not available for the payment of dividends on common shares. Of the remaining \$65,300,000 which is unrestricted, approximately \$40,000,000 represents unremitted profits of subsidiary companies outside North America. Transfers of earnings from such companies are generally subject to the approval of exchange control authorities but permission to pay dividends is normally obtainable.

Dividend payments from the United Kingdom, South Africa, India, Argentina and Mexico are not subject to withholding taxes. On dividend payments from subsidiaries in other countries withholding taxes apply, but as the amount of earnings which will be transferred in the future and the rates which will be applicable at that time are not known, such taxes are reflected in consolidated earnings only at the time of actual dividend remittance.

Of the balance of consolidated retained earnings, \$46,580 is designated as a "capital surplus" under the provisions of Section 61 of the Companies Act (Canada).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

8. Long term debt

	October 31 1959	October 31 1958
Massey-Ferguson Limited (Canada):		
First mortgage sinking fund 3% bonds		
Series "A" maturing 1966.....	\$ 6,560,000	\$ 7,019,000
3¾%-5% Sinking fund debentures maturing 1967-76.....	34,814,000	37,309,000
Massey-Ferguson Inc. (U.S.A.):		
3½%-4⅓% Promissory notes maturing 1959-73.....	13,400,000	14,200,000
Massey-Ferguson Holdings Limited (United Kingdom):		
5½% Bank loan due 1963 (interest rate subject to upwards adjustment if Bank of England rediscount rate rises above 4%).....	26,530,000	
Massey-Ferguson (United Kingdom) Limited:		
3½%-5% Guaranteed debenture stock maturing 1972 (subject to sinking fund).....	1,760,789	1,810,641
F. Perkins Limited (United Kingdom):		
4½% First mortgage debenture stock maturing 1971 (subject to sinking fund).....	3,428,023	
Massey-Ferguson S.A. (France):		
6½%-7% Loans maturing 1959-73.....	5,982,764	6,207,956
Massey-Ferguson Tracteurs S.A. (France):		
6.6% Loan maturing 1961.....	989,850	
Massey-Ferguson G.m.b.H. (Germany):		
2½%-6% Loans maturing 1959-74.....	1,751,212	2,141,616
Massey-Ferguson (Australia) Limited:		
5¾% First mortgage debenture stock maturing 1970.....	5,549,625	5,549,625
	<hr/> <u>\$100,766,263</u>	<hr/> <u>\$ 74,237,838</u>

9. Contingent liabilities, commitments, etc.

- (a) Contingent liabilities in respect of bills under discount amount to approximately \$17,100,000.
- (b) Pension costs (including payments to trustees on behalf of employees covered by trustee pension plans) are charged against income in the year of payment. Past service costs, in the case of trustee plans, are generally being funded over a 30 year period; the total unfunded past service liability for all trustee plans in effect at October 31, 1959 is estimated at approximately \$17,000,000.

Clarkson, Gordon & Co.

Chartered Accountants

Toronto, 1

CANADA

AUDITORS' REPORT

To the Shareholders of
Massey-Ferguson Limited:

We have examined the consolidated balance sheet of Massey-Ferguson Limited and its subsidiaries as at October 31, 1959, and the statements of consolidated income and retained earnings for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion and according to the best of our information and the explanations given to us, and as shown by the books of the companies, the accompanying consolidated balance sheet and statements of consolidated income and retained earnings are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies as at October 31, 1959 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.

Toronto, Canada,
January 6, 1960.

Chartered Accountants.

Massey-Ferguson Limited

915 KING ST. W., TORONTO 3, CANADA

DIRECTORS

*W. Eric Phillips,

Chairman of the Board and Chief Executive Officer

The Marquess of Abergavenny Henry Borden, Q.C.

H. J. Carmichael

Charles L. Gundy

Walter Lattman

*John A. McDougald

*Colin W. Webster

C. F. Herrmeyer

R. W. Main

William H. Moore, Q.C.

Lieut. General The Lord Weeks

*E. P. Taylor,

Chairman, Executive Committee

Hon. G. Peter Campbell, Q.C.

Herman G. Klemm

*M. Wallace McCutcheon, Q.C.

*Albert A. Thornbrough

Eric W. Young

**Member of Executive Committee*

CORPORATE MANAGEMENT

W. Eric Phillips, *Chairman of the Board and Chief Executive Officer*

A. A. Thornbrough, *President*

C. F. Herrmeyer,
*Vice President
Finance*

H. G. Klemm
*Vice President
Engineering*

W. Lattman
Group Vice President

J. H. Shiner
*Vice President
Marketing*

M. F. Verity
Group Vice President

H. A. Wallace
*Vice President
Manufacturing*

W. W. Mawhinney
*Vice President
International Export Operations
Manager*

J. W. Beith
*Director
Special Operations*

J. A. Belford
*Director
Personnel and Industrial Relations*

H. G. Kettle
*Director
Public Relations*

J. W. Vingoe
*Director
Planning and Procurement*

W. M. Alexander
Patent Counsel

R. W. Main
Secretary

J. S. Cameron
Comptroller

OPERATIONS MANAGEMENT

AUSTRALIAN OPERATIONS

L. T. Ritchie

*Vice President. Managing Director,
Massey-Ferguson (Australia) Limited*

FRENCH OPERATIONS

Jean Perichon

*Président-Directeur Général
Massey-Ferguson, S.A.*

GERMAN OPERATIONS

R. A. Diez

*General Manager,
Massey-Ferguson G.m.b.H.*

NORTH AMERICAN OPERATIONS

T. J. Emmert, *Vice President.
President, Massey-Ferguson Inc.*

E. W. Young, *Vice President.
Deputy Managing Director*

UNITED KINGDOM OPERATIONS

A. A. Thornbrough
Managing Director

M. I. Prichard
*Managing Director
F. Perkins Limited*

TRANSFER AGENTS

(4½ and 5½% Cumulative convertible preferred shares)

Montreal Trust Company, Toronto, Ont.,
Montreal, Que., Winnipeg, Man.,
Vancouver, B.C., and Halifax, N.S., Canada

The British Empire Trust Company, Limited,
London, England

Crown Trust Company, Toronto, Ont., Montreal, Que.,
Winnipeg, Man., and Vancouver, B.C., Canada

The Canadian Bank of Commerce, Halifax, N.S., Canada

The British Empire Trust Company, Limited,
London, England

REGISTRARS

National Trust Company Limited, Toronto, Ont.,
Winnipeg, Man., and Vancouver, B.C., Canada

The Toronto General Trusts Corporation,
Montreal, Que., Canada

The Canadian Bank of Commerce, Halifax, N.S., Canada

The Canadian Bank of Commerce Trust Company,
New York, N.Y., U.S.A.

The British Empire Trust Company, Limited,
London, England

The Toronto General Trusts Corporation,
Toronto, Ont., Canada

National Trust Company Limited, Winnipeg, Man.,
and Vancouver, B.C., Canada

The Canadian Bank of Commerce, Montreal, Que.,
and Halifax, N.S., Canada

The Canadian Bank of Commerce Trust Company,
New York, N.Y., U.S.A.

The British Empire Trust Company, Limited,
London, England



J. H. SHINER
Vice President Marketing

C. F. HERMEYER
Vice President Finance



W. W. MAWHINNEY
*Vice President and International
Export Operations Manager*

J. S. CAMERON
Comptroller

BOARD OF DIRECTORS



C. P. TAYLOR
Chairman of the
Executive Committee



W. E. PHILLIPS
Chairman of the Board and
Chief Executive Officer

ORGANIZATIONAL PLAN

CORPORATE MANAGEMENT



J. G. STAIGER
Assistant to the President



A. A. THORNBROUGH
President



R. W. MAIN
Secretary



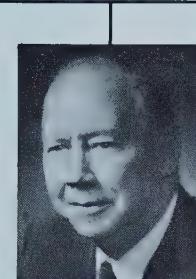
H. A. R. POWELL
Assistant to the President



H. G. KLEMM
Vice President Engineering



H. A. WALLACE
Vice President Manufacturing



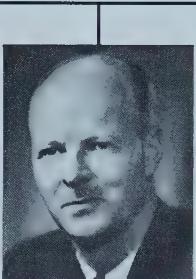
W. M. ALEXANDER
Patent Counsel



J. W. BEITH
Director Special Operations



J. A. BELFORD
Director Personnel and
Industrial Relations



H. G. KETTLE
Director Public Relations



J. W. VINGOE
Director Planning and
Procurement



W. LATTMAN
Group Vice President
European Operations



M. E. VERITY
Group Vice President
Australian and South African
Operations

OPERATIONS UNITS MANAGEMENT



L. T. RITCHIE
Vice President,
Managing Director, Massey-
Ferguson (Australia) Limited



JEAN PERICHON
Président-Directeur Général
Massey-Ferguson, S.A.



R. A. DIEZ
General Manager
Massey-Ferguson G.m.b.H.
Germany



T. J. EMMERT
Vice President,
President, Massey-
Ferguson Inc.



E. W. YOUNG
Deputy Managing Director



A. A. THORNBROUGH
Deputy Managing Director



M. I. PRICHARD
Managing Director
F. Perkins Limited

NET SALES BY TERRITORIES

(Thousands of dollars)

Territories	1959	% of Total	1958	% of Total	1957	% of Total	1956	% of Total
NORTH AMERICA								
Canada	\$ 55,605	11.7%	\$ 40,320	9.6%	\$ 41,514	10.6%	\$ 44,998	12.7%
United States	162,046	34.1	130,301	31.0	89,460	22.9	97,952	27.5
Total	\$217,651	45.8%	\$170,621	40.6%	\$130,974	33.5%	\$142,950	40.2%
EUROPE								
United Kingdom	\$ 69,305	14.6%	\$ 56,461	13.4%	\$ 49,765	12.7%	\$ 38,517	10.9%
France	63,661	13.3	79,052	18.8	87,674	22.4	68,690	19.3
Scandinavia	18,490	3.9	15,960	3.8	18,504	4.7	16,396	4.6
Germany	15,062	3.2	10,142	2.4	9,606	2.5	7,026	2.0
Yugoslavia	8,348	1.8	6,667	1.6	5,805	1.5	3,328	1.0
Austria	2,103	.4	3,570	.9	2,626	.7	1,100	.3
Italy	1,884	.4	2,234	.5	2,801	.8	1,934	.5
Other European Countries	7,985	1.7	7,209	1.7	6,649	1.7	5,776	1.6
Total	\$186,838	39.3%	\$181,295	43.1%	\$183,430	47.0%	\$142,767	40.2%
AUSTRALIA, NEW ZEALAND, ETC.								
Australia	\$ 27,591	5.8%	\$ 25,636	6.1%	\$ 25,799	6.6%	\$ 27,425	7.7%
New Zealand	1,776	.4	1,901	.5	6,939	1.8	2,650	.7
South Pacific	473	.1	302	.1	276	.1	206	.1
Total	\$ 29,840	6.3%	\$ 27,839	6.7%	\$ 33,014	8.5%	\$ 30,281	8.5%
AFRICA								
Union of South Africa	\$ 7,075	1.5%	\$ 10,417	2.5%	\$ 14,638	3.7%	\$ 11,044	3.1%
Algeria	4,318	.9	3,765	.9	2,635	.7	2,097	.6
Other African Countries	7,044	1.5	5,803	1.4	7,043	1.8	5,901	1.7
Total	\$ 18,437	3.9%	\$ 19,985	4.8%	\$ 24,316	6.2%	\$ 19,042	5.4%
ASIA								
India	\$ 3,291	.7%	\$ 3,084	.7%	\$ 3,534	.9%	\$ 3,082	.9%
Other Asian Countries	11,307	2.3	7,931	1.9	5,643	1.4	6,026	1.7
Total	\$ 14,598	3.0%	\$ 11,015	2.6%	\$ 9,177	2.3%	\$ 9,108	2.6%
LATIN AMERICA								
	\$ 8,180	1.7%	\$ 9,454	2.2%	\$ 9,846	2.5%	\$ 10,976	3.1%
TOTAL	\$475,544	100.0%	\$420,209	100.0%	\$390,757	100.0%	\$355,124	100.0%

Note: The sales figures appearing in the tables on these pages are shown net of turnover taxes on sales in France and Germany.

NET SALES BY QUARTERS

(Thousands of dollars)

3 MONTHS ENDED	1959	% of Total	1958	% of Total	1957	% of Total	1956	% of Total
JANUARY 31	\$ 82,505	17.3%	\$ 74,500	17.7%	\$ 64,973	16.6%	\$ 60,815	17.1%
APRIL 30	142,765	30.0	124,065	29.6	110,372	28.2	99,271	28.0
JULY 31	137,693	29.0	119,307	28.4	125,621	32.2	107,149	30.2
OCTOBER 31	112,581	23.7	102,337	24.3	89,791	23.0	87,889	24.7
TOTAL	\$475,544	100.0%	\$420,209	100.0%	\$390,757	100.0%	\$355,124	100.0%

NET SALES BY PRODUCTS

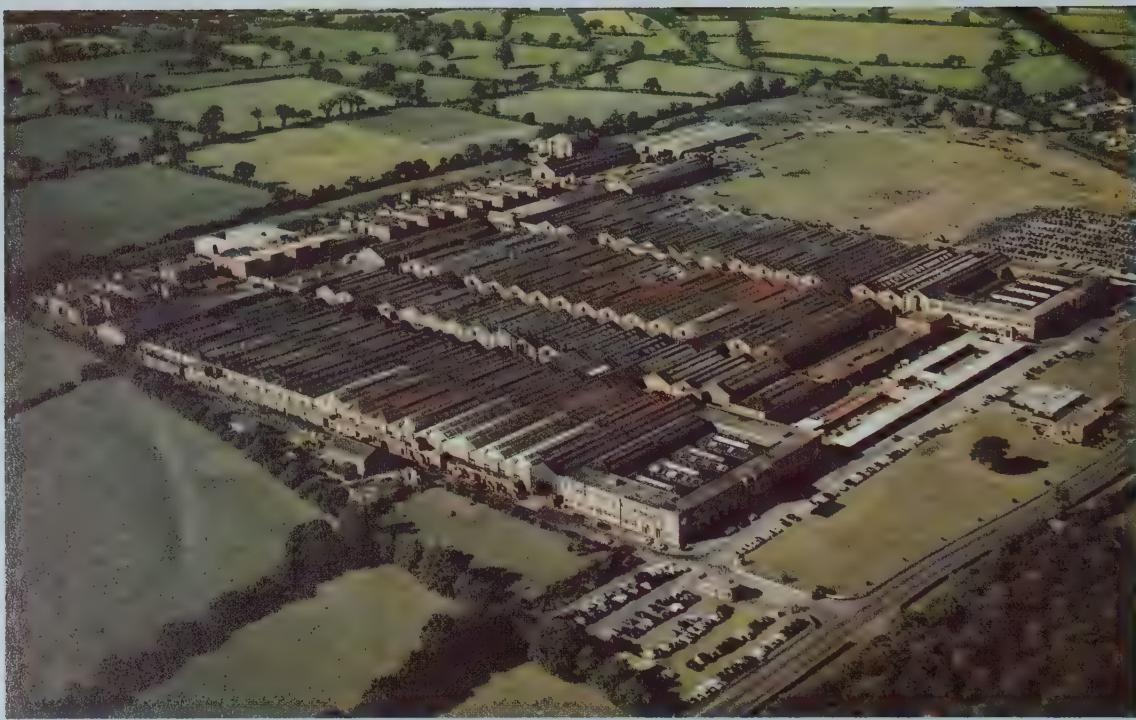
(Thousands of dollars)

PRODUCTS	1959	% of Total	1958	% of Total	1957	% of Total	1956	% of Total
TRACTORS	\$215,291	45.3%	\$193,019	45.9%	\$188,449	48.2%	\$157,715	44.4%
GRAIN HARVESTING EQUIPMENT	100,513	21.1	96,367	22.9	88,304	22.6	80,174	22.6
HAY HARVESTING EQUIPMENT	29,545	6.2	27,144	6.5	16,303	4.2	15,516	4.4
OTHER PRODUCTS	56,690	11.9	58,701	14.0	55,812	14.3	61,892	17.4
PARTS	48,921	10.3	44,978	10.7	41,889	10.7	39,827	11.2
DIESEL ENGINES	24,584	5.2						
TOTAL	\$475,544	100.0%	\$420,209	100.0%	\$390,757	100.0%	\$355,124	100.0%

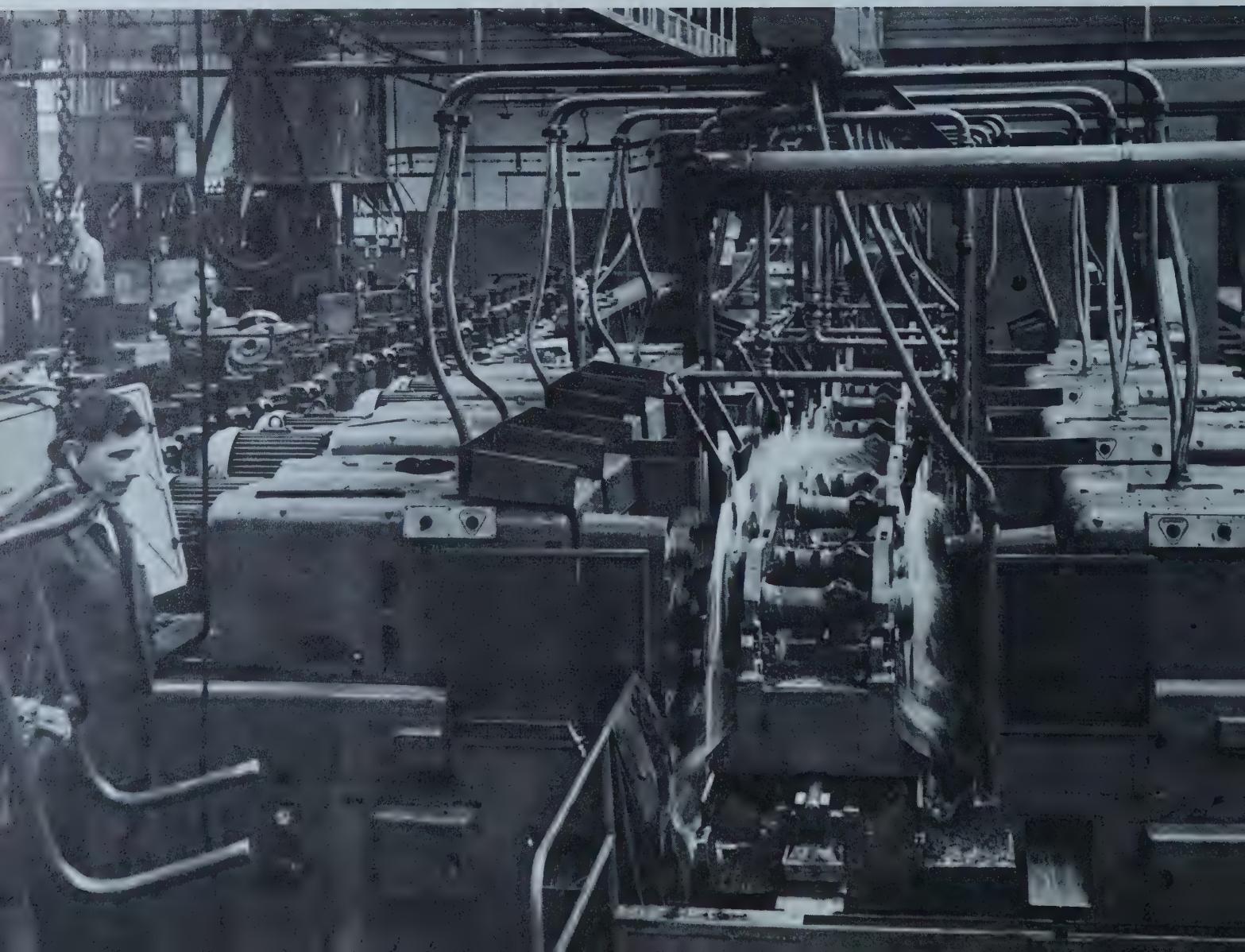
WORLD-WIDE NET SALES

(Thousands of dollars)





In the large Coventry plant acquired from Standard recently 100,000 complete tractors and component sets can be produced in a year.



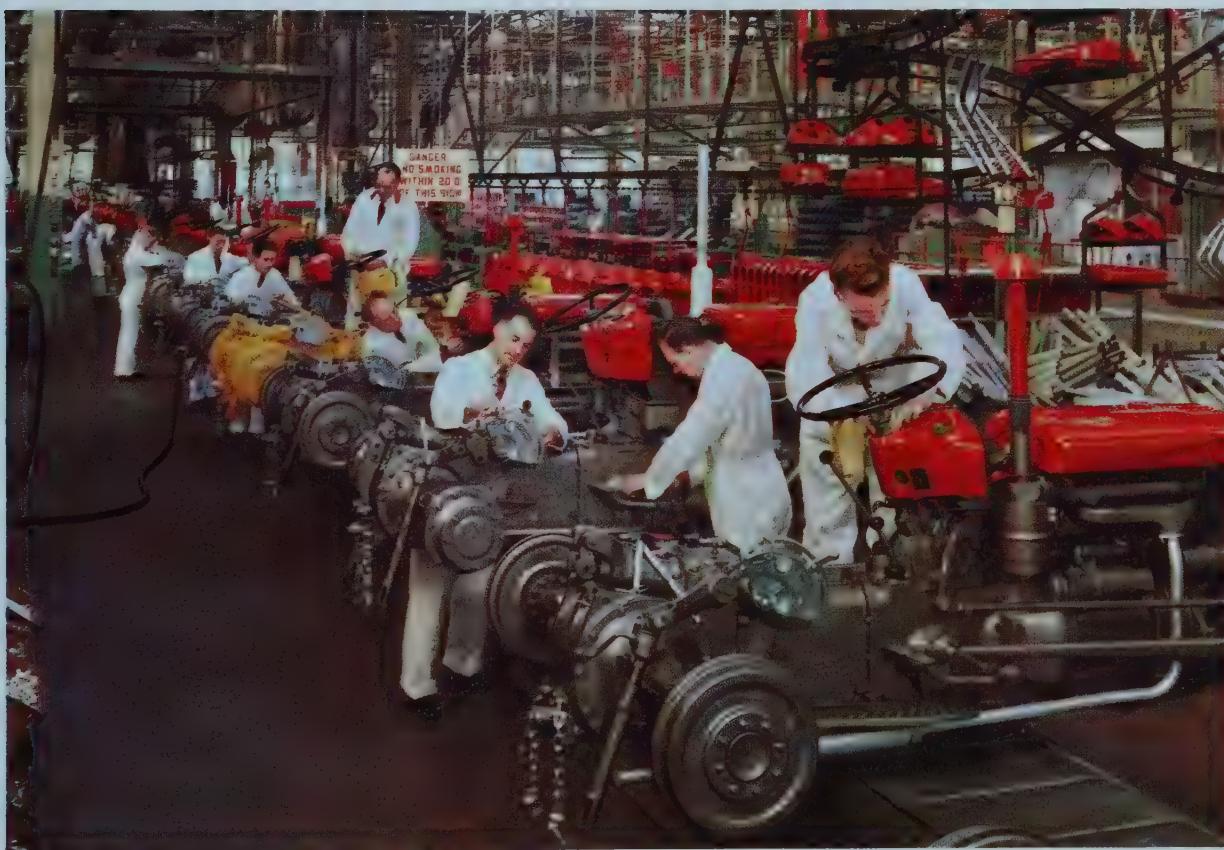


The Perkins engine plant at Peterborough, England, has a current annual production rate of 98,000 diesel engine units — additional facilities to be completed in 1960 will substantially increase this figure.

MANUFACTURING FACILITIES VITAL TO COMPANY'S PROGRESS ADDED IN 1959

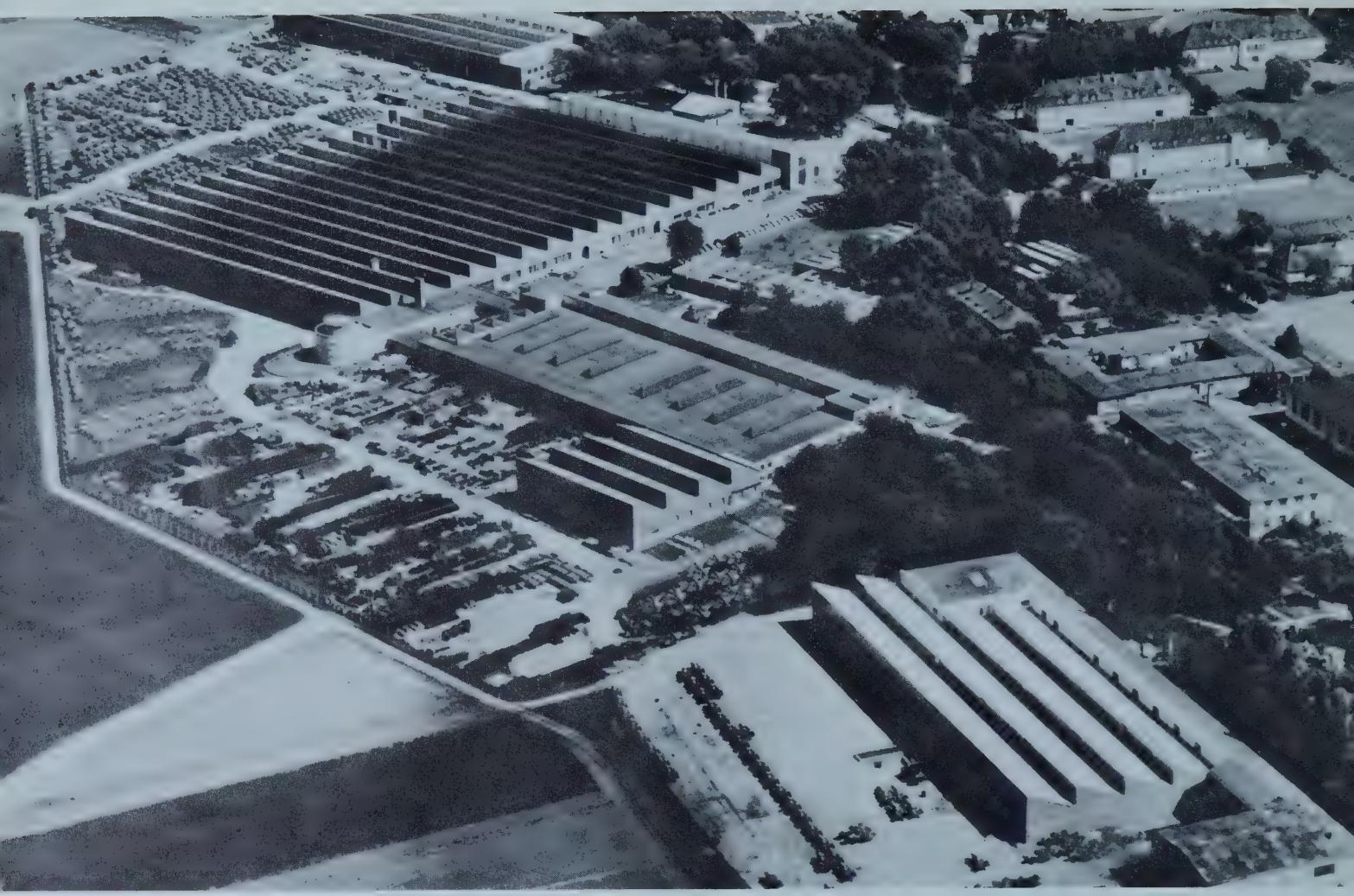
The proportion of product manufactured within the Company's own facilities was increased extensively during 1959 through the acquisition of the engine facilities of F. Perkins Limited and the tractor manufacturing facilities of Standard Motor Company Limited. The engine plant is well-equipped with efficient tooling and the tractor plant is highly automated with the latest in production machinery.

An appreciation of the long term potential improvement in profits from the integration of these facilities into our own manufacturing programs is apparent from the statistics on net sales by products on page 21 which show that the tractor group accounted for over 44 per cent of the total sales volume in each of the past four years.



Simultaneous production of various Massey-Ferguson tractor models is synchronized with market requirements on the Coventry main assembly line.

Automation with its advantages in low cost and uniform high quality is applied to tractor production in the Coventry plant. This in-line transfer machine is 82 feet long and completes 50 operations related to facing, turning, boring, chamfering, drilling, reaming, tapping and milling on each pair of right and left hand tractor rear axle housing components every 100 seconds.



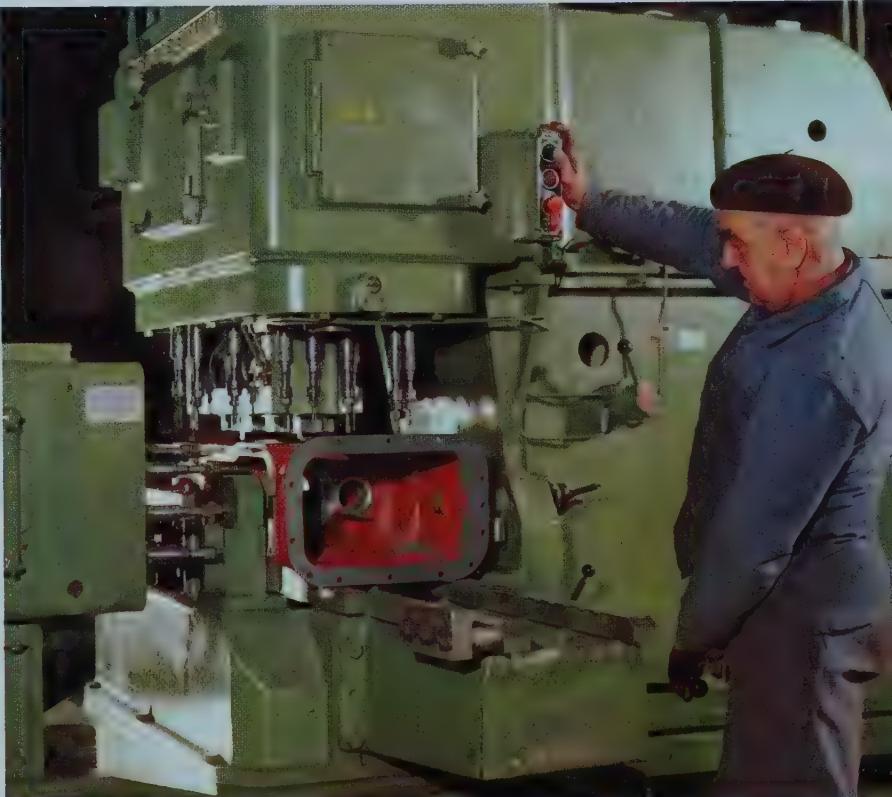
The growth of our German plant at Eschwege from 75,500 square feet in 1952 to 538,000 square feet in 1959 typifies the expansion required to meet European demand for farm mechanization.



Massey-Ferguson 35 tractors on assembly line at St. Denis, France.



Tractor components are produced at Beauvais, France.



Multiple spindle tapping of tractor gear box housing at Beauvais plant

TEN MASSEY-FERGUSON EUROPEAN FACILITIES CENTRED IN TRADING AREAS

The trend to mechanization has created an agricultural machinery industry in Europe of such importance that Massey-Ferguson facilities there, particularly in tractor manufacturing capacity, outrank Company facilities in North America.

Organizational structures comparable with those of North America, have been established in Europe with regard to the potential in this important market.

The relationship of the two major trading areas of Europe is illustrated on the accompanying map. Within each of these groups, Massey-Ferguson is equipped and organized to supply tractors, combines and a full range of implements for the present market requirements and future developments.

With the addition of the engine and tractor facilities acquired this year, Massey-Ferguson now has ten plants in the European trading blocs, four in the European Common Market serving the "Inner Six" countries of France, Germany, Italy, Belgium, Netherlands and Luxembourg and six in the United Kingdom serving the "Outer Seven" countries of United Kingdom, Denmark, Sweden, Norway, Austria, Switzerland and Portugal.

EUROPEAN COMMON MARKET (inner six)
FREE TRADE AREA (outer seven)

FRANCE, GERMANY, ITALY,
BELGIUM, NETHERLANDS,
LUXEMBOURG.

UNITED KINGDOM, DENMARK,
SWEDEN, NORWAY, AUSTRIA,
SWITZERLAND, PORTUGAL.

★ MASSEY-FERGUSON FACTORIES



The Beauvais plant, located on a 60 acre site 40 miles north of Paris is being enlarged five-fold for production of a new tractor.





Instant reverse is a special sales feature of the new MF204 Tractor for industrial applications.



Display of products, such as marine craft, using Perkins engines is a special attraction of the Perkins annual sports and family day.



Largest tractor with the Ferguson System, the new MF85 gives operator easy control of big, mounted implements.

MANY NEW PRODUCTS ADDED TO LINE DURING THE YEAR

Keeping the product lines up-to-date with the changing patterns and new developments in agriculture requires continuous extensive programs in engineering. During 1959 the Company's competitive strength in the agricultural and light industrial equipment markets was increased by the addition of more than 60 new or improved products.

The tractor and grain harvesting equipment lines, which together account for over 66 per cent of net sales, have been broadened with new models in sizes and types to meet a wider range of demand.

New agricultural tractors include the MF 65 Diesel; MF 65 Orchard; MF 65 Utility; MF 85 (5-plow), the largest tractor available with the Ferguson System; MF 88 and MF 98 — for heavy lugger work with large pull-behind implements. Three new tractors were added to the industrial line, — the MF 202; and the MF 204 and MF 402 with torque converter and instant reverse features.

The popular 35 combine was made available in a pull-type model and the new 72 self-propelled and pull-type combines were added to the line.

New plows, cultivators, harrows, mowers, corn pickers, and corn heads for combines were among the machines introduced in 1959.

A new potato harvester has been introduced to the market in the United Kingdom and in Australia the new cane harvester for the mechanization of the harvesting of sugar cane will go into limited production in 1960.

Company facilities in Germany now supply a substantial part of Massey-Ferguson requirements for steel roller chain in all five Operations Units.

In addition to installation in agricultural tractors, trucks, cars, buses, taxis, and marine units, Perkins diesel engines have many industrial applications such as contractor's equipment, cranes, diggers, drilling rigs, excavators, fork lift trucks, generating sets, pavers, pile drivers, pumping sets, road rollers, road spreaders, stone crushers, and well-boring equipment.

P R O D U C T S M A N U F A C T U R E D B Y M A S S E Y - F E R G U S O N

TORONTO, CANADA, (1,904,028 sq. ft.)—Self-propelled and pull-type Combines, for all seed, corn and grain crops; Hay Balers; Pull-type Swathers; Drills; Corn Pickers; Pick-ups.

BRANTFORD, CANADA, MARKET ST. (554,257 sq. ft.)—Full line of pull-type and mounted Mowers and Side Rakes; Manure Spreaders; Bedders; Listers.

BRANTFORD, CANADA, VERITY PLANT (511,754 sq. ft.)—Full line of Mouldboard and Disc Plows; Disc Harrows; Subsoilers; Wide Level Disc Harrows.

BRANTFORD, CANADA, "M" FOUNDRY (185,229 sq. ft.)—Castings for Massey-Ferguson plants.

WOODSTOCK, CANADA, (304,800 sq. ft.)—Corn Head (converts Grain Combines into Corn Combines); Cultivators; Harrows; Rotary Hoes; Planters; Heavy Duty Tillers; Snow Blades.

WATERLOO, CANADA, (272,600 sq. ft.)—Full line of Modern Steel Office Furniture, Metal Partitions and Storage Equipment including Steel Shelving and Lockers; Children's Vehicles; Kitchen Equipment; Steel Garage Doors.

DETROIT, U.S.A., SOUTHFIELD ROAD (467,434 sq. ft.)—Massey-Ferguson North American Tractor Assembly Plant. Agricultural Tractors (gasoline; diesel; liquid petroleum gas) including TO 35, MF 65, MF 85 and MF 88 Models; specially designed MF 202 and MF 204 Industrial Tractors.

DETROIT, U.S.A., KERCHEVAL AVENUE (185,967 sq. ft.)—Transmissions and axles for North American Tractor Assembly Plant and components for other plants.

FOWLER, U.S.A. (68,572 sq. ft.)—Cultivators; Disc Harrows; Spring Tooth Harrows; Tool Carriers.

WICHITA, U.S.A. (93,500 sq. ft.)—Self-propelled light industrial vehicles such as Tractor Shovel Loaders and Fork Lifts. Attachments for agricultural and light industrial tractors such as Backhoes, Front End Loaders, Multi-purpose Blades, Scarifier-Scrapers and Post Hole Diggers.

KILMARNOCK, SCOTLAND, (819,171 sq. ft.)—MF 735 and MF 780 Self-propelled Combines; Hay Balers.

MANCHESTER, ENGLAND, BARTON DOCK ROAD (496,053 sq. ft.)—Mowers; Drills; Potato Harvesters; Fertilizer Distributors; Fertilizer Spinner Broadcasters; Manure Spreaders; Buck Rakes; Spring Tooth Harrows; Front End Loaders; Trailers; Multi-purpose Blades; Transporters; Transport Boxes; Industrial MF 702 Power Shovel and MF 710 Digger.

COVENTRY, ENGLAND, BANNER LANE (1,000,000 sq. ft.)—Massey-Ferguson 35 Tractor (diesel, petrol, lamp oil and vaporizing oil); Massey-Ferguson 65 Tractor (diesel); 702 Industrial Tractor.

PETERBOROUGH, ENGLAND, EASTFIELD (723,493 sq. ft.)—High speed diesel engines for marine, automotive, agricultural and industrial purposes; Industrial Gas-turbines.

PETERBOROUGH, ENGLAND, QUEEN ST. (125,266 sq. ft.)—Engine reconditioning.

PETERBOROUGH, ENGLAND, WALTON (148,649 sq. ft.)—Outboard Motors.

MARQUETTE-LEZ-LILLE (Nord), FRANCE (1,002,078 sq. ft.)—MF 820 and MF 821 Tractors (petrol and diesel); MF 830, MF 890 and MF 892 Self-propelled Combines (petrol and diesel); Combine Presses; Pick-up Presses; Mowers; Rakes; Mouldboard Plows; One-Way Discs; Fertilizer Distributors; Cultivators; Potato Digger Spinners.

PARIS (St. Denis), FRANCE (139,931 sq. ft.)—Tractor Components.

BEAUVAIS, FRANCE (60,000 sq. ft.)—Tractor Components; Massey-Ferguson 35 Tractor and Massey-Ferguson 65 Tractor (diesel).

ESCHWEGE, GERMANY, (538,200 sq. ft.)—MF 630 and MF 685 Self-propelled Combines, Combine Presses; Harrows; Tillers; Fertilizer Spinner Broadcasters. Also roller-chain for domestic and export markets.

MELBOURNE (Sunshine), AUSTRALIA (1,682,310 sq. ft.)—Headers (self-propelled and pull-type Combines); Sugar Cane Harvesters; Mowers; Drills; Balers; Hay Rakes; Heavy Duty Tillers; Cultivators; Harrows; Bale Loaders; Disc Plows; Sod Seeders; Spinner Broadcasters; Post Hole Diggers; Jib Cranes; Bulk Trailer Bins; Toolbar Planters; Soil Scoops; Multi-purpose Blades; Grinding Mills; Cordwood Saws; Scarifiers; Sub-Soilers; Transporters.

DANDENONG, AUSTRALIA (12,000 sq. ft.)—Engine Reconditioning; Assembly Industrial Diesel Engines.

PRODUCTS MANUFACTURED FOR MASSEY-FERGUSON BY ASSOCIATED COMPANY

SOUTH AFRICAN FARM IMPLEMENT MANUFACTURERS LIMITED (SAFIM) VEREENIGING—Plows; Harrows; Cultivators; Tillers; Disc Terracers; Maize Planters; Grinders; Buck Rakes; Ridgers; Bean Lifters; Tool Bars; Earth Scoops; Subsoilers; Multi-purpose Blades.

PRODUCTS PURCHASED FROM SUB-CONTRACTORS

NORTH AMERICA—MF 95 and MF 98 Tractors; Forage Choppers; Pull-type Corn Pickers; Fertilizer Sowers; Soil Scoops; Self-Unloading and Farm Wagons; Straw Choppers; Rotary Cutters; Cordwood Saws; Trenchers; Street Sweepers; Snow Plows; Blacktop Spreaders.

UNITED KINGDOM—Forage Harvesters; Trailers; Plows; Disc Harrows; Cultivators; Tillers; Front End Loaders; Ridgers; Sprayers; Subsoilers; Post Hole Diggers; Potato Digger Spinners; Steerage Hoes; Potato Planters; Fertilizer Attachments; Weeders; Earth Movers; Wood Saws; Earth Scoops; Fork Lifts; Winches; Dump Skips; Compressors.

FRANCE—Plows; Mowers; Cultivators; Harrows; Tillers; Subsoilers; Front End Loaders; Blade Terracers; Earth Scoops; Trailers; Compressors; One Way Discs.

GERMANY—Mouldboard Plows; Mid-mounted Mowers; Loaders; Caliper Grabs; Mounted Winches; Forestry Equipment.

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Avenida Sao Joao 473, Sao Paulo, Brazil.
Limited Partnership—No Directors.

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Directors: J. E. Williams, Managing Director; J. P. Fernandes.

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